

# Auditors' Financial Statement Reporting and Corporate Performance of Deposit Money Banks in Edo State, Nigeria

AKINLOSOTU, Nathaniel Toyosi

Department of Economics, Faculty of Social Sciences, Ambrose Alli University Ekpoma

AIGBOMIAN, Efehi

Department of Banking and Finance, Faculty of Management Sciences, Ambrose Alli University Ekpoma

## Abstract

This study investigated the roles of auditors in financial statement reporting and corporate performance of deposit money banks in Nigeria. The descriptive research design was adopted in the study. The population covered all the auditors and accountants in the nine (9) Deposit Money Banks in Ekpoma, Edo State. A sample of (150) bankers selected from five deposit money banks were drawn for the study. A self-developed questionnaire titled: Auditors' Role in Financial Statement Questionnaire -ARIFISAQ" was used for collection of data. Data collected were analysed with percentages (%), frequency distribution table and Chi-square statistics ( $X^2$ ) using Statistical Package for Social Sciences (IBM SPSS®). Results showed that: the roles of internal auditors in the preparation of financial statement in their organization include: examination of the financial statement for fair-reporting; correcting possible errors; ensuring for correctness, the reliability of data presented; and verification of the accuracy of information reported in a financial report. Furthermore, a significant relationship between auditors' role performance in the preparation of financial statement, corporate survival and profitability of banks in Edo State was found ( $X^2 = 14.702, 9.731, p < 0.05$ ). It was recommended that external auditors should endeavour to be transparent and accountable in their auditing practices with business organisations in Nigeria.

**Keywords:** Auditors, Financial Statement, Corporate Performance, Profitability

## Introduction

Financial statement is the official record of an organization's strength. It is the statement of inputs-outputs, incomes-expenditures of a public organization in monetary terms as prepared by a financial expert such as an accountant but verified by an auditor. The purpose of verification is to ensure checks and balances were necessary, avoid ambiguity in the reporting statement and prevent the emergence of illicit or illegal transactions.

Illicit transactions in banks and other financial institutions are of different types and magnitude. Among them are: tellering fraud, falsification of accounts, forged cheques with forged signatures, printing of bank documents illegally, clearing fraud, computer fraud, foreign exchange fraud, theft of cash, opening and operating of fraudulent loan accounts, armed robbery attacks, fictitious bank branches, fraudulent withdrawals, ATM withdrawals, miscellaneous and other types of fraud (Kanu & Okarafor, 2013). This clearly shows that there is the need to devise different means of tackling fraud by taking into consideration the types of frauds, perpetrators, the mode of perpetration, and the duties of internal and external auditors in performing their auditing roles.

Auditing according to Josiah, Adediran and Akpeti (2012), is an independent appraisal process often governed by statute for examining, investigating and verifying the financial statements of any organization or entity by a qualified person appointed to do the job who seeks to establish an opinion concerning the truth, accuracy, validity, reliability and fairness of the statements and the records on which the statements are based and concerned with any statutory or other requirements. They added that to make auditing possible, the internal control measures of an organisation should be adequate and perfect. The accounting system must be sound and the organizational structure must not be overlapping. Also, the organization's structure should be designed in such a way as to show the activities and financial responsibilities of each department and sections where activities are segmented and span of control is clearly stipulated (Josiah, Adediran & Akpeti, 2012). This is needed to ensure checks and balances on the part the examiner undertaking the auditing task.

The auditor's duty is to examine the financial records of the company in line with statutory regulations and further take reasonable care to ascertain that the financial records are reflections of the company's true position. The auditor is also to consider whether the information given in the director's report for the year for which the accounts are prepared is consistent with those accounts; and if they are of opinion that it is not, they shall state that fact in their report (Josiah, Adediran & Akpeti, 2012). If the subsidizing company and its auditors fail to provide this information, every other officer who is in default shall be guilty of an offence and liable to fine.

According to Josiah, Adediran and Akpeti (2012), auditing has been with us since the sixteenth century when the divorce between those who provided capital and those engaged in business activities began to grow. However, there arose a need for legislation to protect investors from the inefficiency and perhaps deceit of their

directors. The mandatory requirement for the audit of company's account and for the presentation of an audit report to members was finally embodied in the Companies Acts by the twentieth century. Under Section 357, Under Section 359 of Companies and Allied Matters Act (CAMA, 1990) a company's audit committee is responsible for the supervision, monitoring and the appointment of its auditors. Under Section 359 of CAMA (1990) auditors of the company shall make a report to its members on accounts examined by them on every balance sheet, profits and loss accounts and all group financial statements which are to be laid before the company in a general meeting during the auditors' tenure. Under Section 359 (3) of CAMA, auditors shall in case of public company make reports to the audit committees which shall be established by the company.

The Nigerian economy especially the banking sector is still recovering from the crisis which was caused by flagrant disregard for ethics of corporate governance and acts of fraudulent financial reporting and doctoring of books by Chief Executive Officers of Banks and Corporations (Central Bank of Nigeria, Code of Corporate Governance for Banks in Nigeria Post Consolidation, 2006). The reported cases of fraudulent Financial Reporting by Cadbury Nigeria Plc. and Lever Brothers Nigeria Plc. led to the drafting of the Code of Corporate Governance of Public Companies in Nigeria known as the 2003 Code of Corporate Governance in Nigeria (Security and Exchange Code-SEC Code, 2003) and later the Corporate Governance Code of Nigeria, 2005). The Central Bank of Nigeria (2006) Code of Corporate Governance for Banks specifically states that "for financial sector, poor corporate governance was identified as one of the major factors in virtually all known instances of a financial institution distress in the country." These fraudulent acts of presenting fictitious financial statements and lack of adherence to corporate governance principles has led to massive loss of funds by investors and lack of trust by the investing public in the companies quoted on the floor of the Nigerian Stock Exchange (Sanusi, 2010, Shanusi, 2004) and liquidation of most victim banks.

In other to avoid these disturbing situations, auditors are usually persons trained and equipped with special investigative skills needed to a certain the credibility of financial statements prepared by the management. These they do to ensure two things among others namely: a) compliance with statutory regulations and corporate governance principles, b) actual representation of the true financial position of the organization to prospective users of corporate information. To achieve this fit, auditors are expected to examine all books or account/records detect omissions, disclose irregularity or errors, detect possible misleading reports, and also evaluate the soundness of the data provided in relation to the internal control system of the organisation. Hence, auditing is not just an investigative activity to detect criminal acts and irregularities but a practice to ensure checks and balances.

Studies on auditors' roles, financial reporting and corporate performance abound in literature (Abu-Saeed & Kabir, 2012; Adetoso, Oladejo & Akesinro, 2013; Zachariah, Masoyi, Ernest & Gabriel, 2014; Onoja & Haruna, 2015) with mixed results. Abu-Saeed & Kabir (2012) assessed the role of internal audit in fraud prevention in state government owned Hospitals in Kogi state of Nigeria. The study utilized the survey research design and data were generated through the questionnaire administered to the randomly selected respondents. Stratified random sampling was used. Data collected were analyzed using the non-parametric statistical tool that is the chi-square and the descriptive statistics. The SPSS version 15 was used in the computation of the data collected. The study revealed that the Internal Audit Unit of the hospitals are aware of their role to prevent fraud and are making a way forward by tracing and halting fraud but lack the basic knowledge needed to practically prevent fraud. It also revealed that there is cooperation between the audit staffs and staffs of other departments in provision of necessary documents although Chief Medical Directors (CMDs) strives to interfere in the operational activities of the internal audit unit. Therefore, the role of the unit on fraud prevention is weak.

Onoja & Haruna (2015) analyzed the Internal Audit Techniques and Fraud Prevention in Bauchi State Local Government Councils. The data for the study were collected from both the primary and secondary sources. The primary sources data were collected from the thirteen (13) local governments internal audit units through self-administered questionnaires to the sample size of the study. The secondary sources were documents from Bauchi state ministry for local government affairs. Several statistical tools were used including tables, simple percentages, Chi-square and Pearson Product Moment Correlation Coefficient to analyze the data and test the null hypotheses formulated. The study revealed that the internal audit unit at local government put necessary measures to prevent fraud but lack total independent freedom to carry out their function effectively. It was discovered that internal audit unit at local governments' level in Bauchi state are not independent, and this affected their functions.

Adetoso, Oladejo & Akesinro (2013) examined the effectiveness of internal auditor in controlling fraud and other financial irregularities in private universities in Southwest, Nigeria. The population of the study consists of all private universities in Southwest, Nigeria and purposive sampling was adopted to choose the sampled universities. The data for the study was collected through the use of structured questionnaire. Regression analysis techniques was adopted to test the formulated hypotheses and results shows that internal auditors were effective in controlling fraud and other financial irregularities in private universities in Southwest, Nigeria. Since f-calculated value of 85.355 was greater than the f-tabulated value of 5.320, it also shows that

auditor reports were relevant in exposing various means of financial related frauds since F-calculated of 18.794 was 66 greater than F-tabulated of 5.990 The study concluded that internal auditor is effective in exposing frauds in private universities in Nigeria if the structural compositions of the university allow them to do their work.

Nwosu (2015) examined if there is significant agreement amongst stakeholders on the effectiveness of forensic auditing in financial fraud control, financial reporting and internal control quality. Survey design was used in the paper and with a sample size of 143, consisting of accountants, management staffs, practicing auditors among others. Simple random technique was utilized in selecting the sample size, while the binomial test was employed in the data analysis. The findings showed that there is significant agreement amongst stakeholders on the effectiveness of forensic auditing in fraud control, financial reporting and internal control quality.

Zachariah, Masoyi, Ernest and Gabriel (2014) examined the application of forensic auditing in fraud control in Nigerian banks. Nigerian banks over the past decades suffered from the menace of frauds which resulted to distresses and liquidations which hamper the roles of banks in the economy. The external auditors failed to detect the frauds in the course of carrying out their work. Regulatory evidences have shown that bank frauds increase on daily basis. Analysis of the types of frauds and forgeries perpetrated show that the most common types are: ATM fraud; fraudulent transfers/withdrawals; internet banking; lodgement of stolen warrant; presentation of forged cheques; suppression of customer deposit. The study analysed the trend in fraud cases from 2001-2012, included are the amounts involved in frauds, the most frequent types of fraud, and the losses sustained by banks. The descriptive analysis revealed that there are up and down movements in fraud cases. Since banks continually lose huge sums of money as a result of the inability of the auditors and the supervisory regulators to curtail the trend, there is therefore the need to devise different means of tackling frauds in the banks.

Isenmila and Elijah (2012) explained that in Nigerian corporate environment, earnings management (fraudulent financial reporting) is posing a serious threat viz-a-viz, the credibility of public financials. There have been several cases of earnings management especially in the banking sector and this has raised many questions about the ethical standards of management and about the integrity of financial reports issued by professional accountants (Bakre, 2007; Ajibolade, 2008; Okike, 2007). An emerging body of literature Bakre (2007) revealed that accounting professionals have increasingly used their expertise to conceal and promote anti-social practices. Bakre (2007) gave the example of Akintola Williams and Deloitte (AWD) that were indicted for facilitating the falsification of the accounts of Afribank Plc and for deliberately overstating the profits of Cadbury Nigeria Plc. It was reported that between 1990 and 1994 the Nigerian economy lost more than N6 billion (\$42.9 million) to fraud within the banking sector alone (Sanusi, 2010). It is against this backdrop that this study was undertaken to examine the role of auditors in the financial statement in an organization for improved corporate performance in deposit money banks in Edo State, Nigeria. Specifically, the study sought to:

- 1) identify the roles of internal auditors in the preparation of financial statement in deposit money banks in Edo State
- 2) find out the roles of external auditors in financial statement reporting procedures in deposit money banks in Edo State
- 3) investigate the challenges affecting auditors in financial statement reporting procedures in deposit money banks in Edo State
- 4) examine the relationship between internal auditors' role performance in the preparation of financial statement and survival of deposit money banks in Edo State
- 5) determine the relationship between external auditors' role performance in financial reporting procedures and profitability of deposit money banks in Edo State

## Hypotheses

The following hypotheses would be tested in the study:

1. Ho: There is no significant relationship between internal auditors' role performance in the preparation of financial statement and survival of deposit money banks in Edo State
2. Ho: There is no significant relationship between external auditors' role performance in financial reporting procedures and profitability of deposit money banks in Edo State

## Methods

The descriptive research design using the survey methods was adopted in this study. Population is a group of individuals or items that share one or more characteristics from which data can be generated or analyzed. The population of this study covers all the auditors and accountants in all the nine (9) Deposit Money Banks in Ekpoma, Edo State namely: First Bank, Guarantee Trust Bank, Keystone Bank, Eco Bank, Zenith, United Bank of Africa (UBA), Fidelity, Access Bank, and Union Bank. A sample of (150) bankers selected from five deposit money banks was drawn for the study. A sample of 30 auditors and accountants was drawn by convenience sampling from five banks in Ekpoma-Edo State. Though, convenience sampling is a non-probability sampling

technique; however, the choice of this sampling method was informed by the busy schedule of bankers in keeping abreast with their daily banking duties.

Research instrument are measurement tools such as questionnaires or scales designed to obtain data from research subjects on a topic of interest. The instrument used for the collection of data was a self-developed questionnaire titled: Auditors' Role in Financial Statement Questionnaire - ARIFISAQ. The questionnaire was designed to obtain the necessary information needed from bankers on the roles of auditors in the financial statement of the banks. The questionnaire was divided into two (2) sections-Sections A and B. Section A contains questions relating to the demographic characteristics of the respondents such as: gender, educational qualification and years of experience. Section B contains 12 (twelve) items were raised to determine the roles of auditors in the financial statement of banks in the banking sector. The items were rated on a four (4) point likert scale: Strongly Agree-4, Agree-3, Disagree-2 and Strongly Disagree-1.

Validity of the instrument is the extent to which an instrument measures what it is supposed to measure and performs as it is designed to perform. The content validity of this instrument was carried out by my project supervisor and two other experts in the Department of Accounting (Ambrose Alli University, Ekpoma). They ensured that the questions were relevant and unambiguous so that each of the items in the instrument measures what it was intended to measure. The researchers personally administered copies of the questionnaires to bankers after due permission was taken from the branch manager. A letter to respondent was attached to further explain the purpose of the research exercise for better understanding on the research purpose. The questionnaire was collected immediately after administration. This was done to enhance the return rate. Data collected were analysed with percentages (%) and frequency distribution table while the hypotheses were tested using Chi-square statistics ( $\chi^2$ ). Data were tested at 0.05 level of significance using Statistical Package for Social Sciences (IBM SPSS® version 20).

## Results

Demographics of respondents and result of the analysis is presented below:

**Table 1:** Data on the Demographics of respondents are presented below

Demographics	Options	Frequency (N=150)	Percentages (%)
<b>Sex</b>	Male	92	61.3
	Female	58	38.7
<b>Educational Qualification</b>	Ordinary/Higher National Diploma	6	4.0
	Bachelor degree	101	67.3
	Post-graduate degree	39	26.0
	Others	4	2.7
<b>Years of Experience</b>	below 5years	12	8.0
	5-10years	122	81.3
	Above 10 years	16	10.7

Data in Table 1 showed that majority of the respondents (N=92, 61.3%) are males and bachelor degree holders (N=101, 67.3%). The majority (N=122, 81.3%) also have 5-10years experience in the banking industry.

**Table 2:** Respondents Opinion on the roles of Internal Auditors in the Preparation of Financial Statement in Deposit Money Banks in Ekpoma, Edo State

S/n	Items	Agree	Disagree
a	Examining the financial statement for fair reporting	123 (82.0)	27 (18.0)
b	Correcting possible errors of omission	133 (88.7)	17 (11.3)
c	Ensuring the reliability of data presented in the financial report	134 (89.3)	16 (10.7)
d	Verifying the accuracy of information reported	139 (92.7)	11 (7.3)
e	All of the above	130 (86.7)	20 (13.3)
f	None of the above	4 (2.7)	146 (97.3)

Note: Percentages (%) indicated in bracket

From Table 2 above, results showed that 123 of the respondents representing (82.0%) agreed that the roles of internal auditors in the preparation of financial statement in your organization is to examine the financial statement for fair reporting. 133 (88.7%) noted that their roles involve correcting possible errors of omission, 134 (89.3%) asserted that it involves ensuring the reliability of data presented in the financial report, 139 (92.7%) noted that auditors' role covers verifying the accuracy of information reported while 130 (86.7%) agreed that auditors roles covers all the aforementioned roles. Only 4 (2.7%) agreed that the roles of internal auditors in the preparation of financial statement in their organization, does not cover any of the identified roles. Hence, this clearly indicated that the roles of internal auditors in the preparation of financial statement in their organization include: examination of the financial statement for fair-reporting; correcting possible errors of omission in a financial report; ensuring for correctness, the reliability of data presented in the financial report; and verification



of the accuracy of information reported.

**Table 3:** Respondents Opinion on the Roles of External Auditors in the Preparation of Financial Statement in Deposit Money Banks in Ekpoma, Edo State

S/n	Items	Agree	Disagree
a	Ensuring the financial report truly communicate the financial position of the organization	136 (90.7)	14 (9.3)
b	Ensuring the financial statement is reported in line with statutory guidelines	136 (90.7)	14 (9.3)
c	Ensuring information given in the director's report for the year for which the accounts are prepared is consistent with those accounts	128 (85.3)	22 (14.7)
d	Detecting fraudulent transactions in a financial report	136 (90.7)	14 (9.3)
e	Providing users of financial report with a summary statement of their finding during the auditing process	128 (85.3)	22 (14.7)
f	All of the above	12 (83.3)	25 (16.7)
g	None of the above	9 (6.0)	141 (94.0)

From Table 3 above, results showed that 136 of the respondents representing (90.7%) agreed that ensuring the financial report truly communicate the financial position of the organization is one of the roles of external auditors in the preparation of financial statement in your organizations. 136 (90.7%) noted that their roles involve ensuring the financial statement is reported in line with statutory guidelines, 128 (85.3%) asserted that it their role involves ensuring information given in the director's report for the year for which the accounts are prepared is consistent with those accounts, 128 (85.3%) noted that auditors' role covers providing users of financial report with a summary statement of their finding during the auditing process while 125 (83.3%) agreed that external auditors' roles covers all the aforementioned roles. Only 9 (6.0%) agreed that the roles of external auditors in the preparation of financial statement in their organization, does not cover any of the identified roles. Hence, this clearly indicated that the roles of external auditors in the preparation of financial statement in their organization include the investigation of financial report to ensure: the report truly communicate the financial position of the organization; the financial statement is reported in line with statutory guidelines; information given in the director's report for the year for which the accounts are prepared is consistent with those accounts; the report of free from any fraudulent practice; and the auditor(s) provide users of financial report with a summary statement of their finding during the auditing process.

**Table 4:** Summary of descriptive on Auditing Practices and Prospects in Deposit Money Banks in Ekpoma, Edo State

Item no.	Items	SA <sub>(4)</sub>	A <sub>(3)</sub>	D <sub>(2)</sub>	SD <sub>(1)</sub>	$\bar{X}$	S.D	Remark
1.	Auditors play a very important role in the financial report of an organization	72 (48.0)	27 (18.0)	34 (22.7)	17 (11.3)	3.03	1.08	Agreed
2.	Excessive interferences from the directors of an organization can influence auditors' judgment on a financial report	72 (48.0)	40 (26.7)	27 (18.0)	11 (7.3)	3.15	0.97	Agreed
3.	Auditors' independence is one of the challenges of financial statement auditing in organizations	12 (8.0)	47 (31.1)	22 (14.7)	69 (46.0)	2.01	1.05	Disagreed
4.	Poor internal control makes auditing a challenge to auditors	15 (10.0)	77 (51.3)	25 (16.7)	33 (22.0)	2.49	0.95	Disagreed
5.	Lack of proper financial record keeping makes auditing a difficult task among auditors	9 (6.0)	97 (64.7)	32 (21.3)	12 (8.0)	2.69	0.71	Agreed
6.	Corruptions has made it possible for directors of an organisation to influence auditors' judgment on a financial report	7 (4.7)	116 (77.3)	7 (4.7)	20 (13.3)	2.76	0.75	Agreed
7.	Auditors' role performance in the preparation of financial statement promotes survival of corporate organisations in Nigeria	122 (81.3)	12 (8.0)	8 (5.3)	8 (5.3)	3.65	0.81	Agreed
8.	Auditors' role performance in financial reporting procedures promotes profitability of corporate institutions in Nigeria	129 (86.0)	3 (2.0)	7 (4.7)	11 (7.3)	3.67	0.87	Agreed

\*  $\bar{X} \geq 2.50$  Percentages in parenthesis

Data in Table 4 above showed that majority of the respondents [N=72, 48.0%] strongly agreed that:

auditors play a very important role in the financial report of an organization, at a mean score of 3.03. Majority [N=72, 48.0%] strongly agreed that excessive interferences from the directors of an organization can influence auditors' judgment on a financial report, at a mean score of 3.15. Majority [N=69, 46.0%] strongly disagreed that auditors' independence is one of the challenges of financial statement auditing in organizations, at a mean score of 2.01. Majority [N=77, 51.3%] agreed that poor internal control makes auditing a challenge to auditors, at a mean score of 2.49. Majority [N=97, 64.7%] agreed that lack of proper financial record keeping makes auditing a difficult task among auditors, at a mean score of 2.69. Majority [N=116, 77.3%] agreed that corruption has made it possible for directors of an organisation to influence auditors' judgment on a financial report, at a mean score of 2.76. Majority [N=122, 81.3%] strongly agreed that auditors' role performance in the preparation of financial statement promotes survival of corporate organisations in Nigeria at a mean score of 3.65 while majority [N=129, 86.0%] strongly agreed that auditors' role performance in financial reporting procedures promotes profitability of corporate institutions in Nigeria at a mean score of 3.67.

**Hypothesis 1:** There is no significant relationship between internal auditors' role performance in the preparation of financial statement and survival of deposit money banks in Edo State.

**Table 5:** Cross Tabulation and Chi-square analysis of respondents' opinion on Item 7 with respect to gender

			Gender		Total
			Male	Female	
Item.7	Strongly Disagree	Count	7	1	8
		Expected Count	4.9	3.1	8.0
	Disagree	Count	8	0	8
		Expected Count	4.9	3.1	8.0
	Agree	Count	11	1	12
		Expected Count	7.4	4.6	12.0
	Strongly Agree	Count	66	56	122
		Expected Count	74.8	47.2	122.0
Total	Count	92	58	150	
	Expected Count	92.0	58.0	150.0	
Chi-Square Tests					
	Value	df	p-value		
Pearson Chi-Square	14.702 <sup>a</sup>	3	.002		
Likelihood Ratio	18.950	3	.000		
N of Valid Cases	150				

**Note:** Item 7 was used to test the hypothesis

From the Table 5 above, the calculated value of chi-square of 14.702 is statistically significant ( $p < 0.01$ ). Therefore, the null hypothesis ( $H_0$ ) which states that there is no significant relationship between internal auditors' role performance in the preparation of financial statement and survival of corporate organisation in Nigeria is rejected while the alternate ( $H_1$ ) is accepted. This implies that there is a significant relationship between internal auditors' role performance in the preparation of financial statement and survival of deposit money banks in Edo State.

**Hypothesis 2:** There is no significant relationship between external auditors' role performance in financial reporting procedures and profitability of deposit money banks in Edo State

**Table 6:** Cross Tabulation and Chi-square analysis of respondents' opinion on Item 8 with respect to gender

			Gender		Total
			Male	Female	
Item.8	Strongly Disagree	Count	10	1	11
		Expected Count	6.7	4.3	11.0
	Disagree	Count	7	0	7
		Expected Count	4.3	2.7	7.0
	Agree	Count	2	1	3
		Expected Count	1.8	1.2	3.0
	Strongly Agree	Count	73	56	129
		Expected Count	79.1	49.9	129.0
Total	Count	92	58	150	
	Expected Count	92.0	58.0	150.0	
Chi-Square Tests					
	Value	df	p-value		
Pearson Chi-Square	9.731 <sup>a</sup>	3	.021		
Likelihood Ratio	13.064	3	.005		
N of Valid Cases	150				

**Note:** Item 8 was used to test the hypothesis

Results in Table 6 above showed that the calculated value of chi-square of 9.731 is statistically significant ( $p < 0.01$ ). Therefore, the null hypothesis ( $H_0$ ) which states that there is no significant relationship

between external auditors' role performance in financial reporting procedures and profitability of corporate institutions in Nigeria is rejected while the alternate ( $H_1$ ) is accepted. This implies that there is a significant relationship between external auditors' role performance in financial reporting procedures and profitability of deposit money banks in Edo State.

### Conclusion

The roles of internal and external auditors in the preparation of financial statement cannot be undermined in any business organization. They perform roles such as examination of the financial statement for fair-reporting; correcting possible errors of omission in a financial report; ensuring for correctness, investigating the reliability of data presented in the financial report; and verification of the accuracy of information reported among other. However, excessive interference from directors of an organization, auditors' independence, ineffectiveness of internal control systems, lack of proper financial record keeping and corruption are some of the factors influencing auditors' judgment on a financial report.

### Recommendations

The following recommendations were made on the study:

- 1) Trainings, seminars and workshops should be organized for the internal auditors so that they can update their knowledge as regards the relevant standards required for effective financial statement reporting
- 2) Autonomy should be fully given to internal auditors to prevent interference with their auditing practices and duties in banks. This can be done by establishing a Board of Enquiry commissioned at the state level to review the effectiveness of the internal audit and other control systems of business organization at regular time intervals.
- 3) External auditors should endeavour to be transparent and accountable in their auditing practices with business organisations in Nigeria

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